

DANNHAUSER MUNICIPALITY**ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE, 2010**

Province:

KwaZulu Natal

AFS rounding:

Rands

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DANNHAUSER MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

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DANNHAUSER MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

General information

Members of the Council

Councillor MB Shabalala	Mayor
Councillor PG Nair	Speaker
Councillor MA Sibeko	Member of the Executive Committee
Councillor MPO Motha	Member of the Executive Committee
Councillor SM Zwane	Member
Councillor PPC Kubheka	Member
Councillor LM Ndlovu	Member
Councillor JP Khumalo	Member
Councillor P Bhugwandin	Member
Councillor C Ndlangamandla	Member
Councillor PP Nene	Member
Councillor AN Radebe	Member
Councillor OB Ndebele	Member
Councillor NGJ Manyathi	Member
Councillor MH Masuku (deceased 14/08/2008)	Member
Councillor GE Zulu	Member
Councillor QE Motloung (resigned 07/05/2009)	Member
Councillor MA Buthelezi	Member
Councillor BA Thusi	Member
Councillor MA Ngiyane	Member

Municipal Manager

WB Nkosi

Chief Financial Officer

TVS Ndlovu

Grading of Local Authority

Grade 2

Auditors

Auditor-General of South Africa

Bankers

ABSA Bank Limited - Newcastle
Standard Bank of SA Limited - Dannhauser
First National Bank Limited - Newcastle

DANNHAUSER MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

General information (continued)

Registered Office:	Dannhauser Municipality
Physical address:	8 Church Street Dannhauser 3080
Postal address:	Private Bag X1011 Dannhauser 3080
Telephone number:	(034) 621 2666
Fax number:	(034) 621 3114
E-mail address:	info@dannhauser.gov.za

DANNHAUSER MUNICIPALITY

MAYOR`S FOREWORD FOR THE YEAR ENDED 30 JUNE, 2010

Honourable Speaker, Deputy Mayor, Members of the Executive Committee, members of staff and other stakeholders.

The implementation of the new Municipal Property Rates Act (MPRA) went very well. Although there were complaints lodged in respect of market values, we were able to resolve them. The MPRA would certainly have a significant boost in our revenue. As mentioned in the previous financial years, great emphasis has been put on debt control and collection. This is evident from the financial information recorded for 2009/10 where there has been a substantial increase in Property Rates income from R 3 338 865 (2008/09) to R 10 834 560 (2009/10).

The municipality, however, still encounters challenges with regards to service delivery over:

- Lack of basic water and sanitation.
- Electricity.
- Housing.

There has been regular communication between the municipality and the relevant departments or service providers to try and address the above mentioned problem issues.

However, for the 2009/10 financial year, we have been fortunate to have received approximately R 4 million from the South African Revenue Services in the form of a VAT refund.

This refund was put to good use by acquiring the following movable assets for service delivery:

- Refuse truck
- Traffic vehicle
- Corporate services, vehicle
- 2 x bakkie for the Community services and IDP departments.

After the acquisition of all the above movable assets, the municipality remained debt free.

During the year ended 30 June 2010, the municipal council raised R 53 392 271 revenue in total of which R 38 763 351 (73%) was Government grants and subsidies. The operating expenditure for 2009/10 amounted to R 45 014 618 which left us with a surplus of R 8 377 653.

We are looking forward to a much healthier 2010/11 financial year in respect of service delivery related issues.

COUNCILLOR MB SHABALALA
MAYOR

REPORT OF THE CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED 30 JUNE, 2010**1. Challenges**

The 2009/10 financial year was embraced very well with the successful implementation of the new Municipal Property Rates Act (MPRA) and the conversion to Generally Recognised Accounting Practices (GRAP). Furthermore, the municipal council was able to acquire most movable assets for services delivery like the Refuse and the Traffic vehicle to mention but a few.

We are looking forward to a more relaxed 2010/11 financial year with more emphasis on service delivery, debt collection and also identifying other additional sources of income. As much as we have serious challenges on services delivery around the provision of electricity, water and sanitation as well as housing, extensive progress has been made in consulting with the relevant Provincial and National Departments in this regard.

It is expected that additional machinery and equipment will be acquired during the upcoming 2010/11 financial year. A provision has been made for the acquisition of the Grader and TLB for the maintenance and upgrading mostly of our rural roads.

2. Operating Results

The applicable statistics are shown in Appendix B. The overall operating results for the year ended 30 June 2010 are as follows:

Rates and General Services and Community Services

	Actual 2009	Actual 2010	Variance 2009-2010	Budget 2010	Variance Actual/Budget
	R	R	%	R	%
Income	36 152 016	53 392 271	48%	45 513 298	17%
Expenditure	33 957 500	45 014 618	33%	45 210 586	(1)%
Surplus	2 194 516	8 377 653		302 712	
Surplus as % of total income	6%	16 %		1%	

Trading Services – Water

The Municipality does not provide trading services.

Housing Services

The Municipality does not provide housing services

REPORT OF THE CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED 30 JUNE, 2010**3. Capital Expenditure and Finance**

The expenditure consists of the following:

	Actual 2010	Budget 2010	Actual 2009
	R	R	R
Land, buildings, infrastructure	12 374 339	13 900 000	6 643
Furniture & Fittings	318 617	107 200	62 780
Computer equipment	438 958	-	85 325
Plant & Equipment	114 086	452 550	178 733
Vehicles	579 803	3,300,000	
	13 825 803	17 759 750	333 481

Resources used to finance the fixed assets were as follows:

	Actual 2010	Budget 2010	Actual 2009
	R	R	R
Transfers recognised - capital		13 900 000	294 818
Public contributions, donations and grants	11 583 300	-	38 663
Borrowings	-	7 569 795	-
Internally generated funds	2 242 504	1 256 000	-
	13 825 804	22 725 795	333 481

4. External Loans, Investments and Cash

There had been no external loans outstanding as at 30 June 2010 (2009: nil).

Investments consisting of call investment as at 30 June 2010 amount to R 21 408 174 (2009: R20 260 527) as set out in note 4.

Cash in bank and on hand as at 30 June 2010 amount to R 6 276 940ww (2009: R2 879 914) as set out in note 2.

REPORT OF THE CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED 30 JUNE, 2010**5. Reserves and Provisions**

	2010	2009
	R	R
Housing operating account	346 779	346 779
Accumulated surplus	30 011 365	21 457 250
Provisions	111 247	-
TOTAL	30 469 391	21 804 029

Reserves

There were no contributions to reserves in the current year.

Provisions:

A provision for a performance bonus to the municipal manager has been calculated based on the best estimate of the bonus.

6. Going Concern

The Municipality is significantly dependent upon grants received from National and Provincial Treasury as water and sewerage services have been taken over by the district Municipality. As a consequence, the ability of the Municipality to continue as a going concern is dependent upon the continued support from the National and Provincial Treasury.

7. Change in accounting policy

Due to the conversion from IMFO to GRAP, adjustments had been processed resulting in amendments to disclosures and the accounting records of the municipality. These are detailed in note 28. These adjustments were to facilitate GRAP compliance.

8. Appreciation

I wish to thank the Mayor, the Deputy Mayor, the Speaker, Members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support they have given me and my personnel during the year.

TVS NDLOVU
CHIEF FINANCIAL OFFICER

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

"I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

DANNHAUSER MUNICIPALITY

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act."

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 10.

"I am responsible for the preparation of these annual financial statements, which are set out on pages 11 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared on the going concern basis and were approved by the accounting officer on 29 September 2010.

WB NKOSI
Accounting Officer

DANNHAUSER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2010

	Note	2010 R	Restated 2009 R
ASSETS			
Current assets			
Cash and cash equivalents	2	6 276 940	2 879 914
Trade and other receivables	3	1 330 940	835 740
Investments	4	21 408 174	20 260 527
VAT receivable	9	1 466 822	1 421 618
Non-current assets			
Property, plant and equipment	5	18 913 121	6 403 420
Intangible assets	6	120 299	168 312
Investment property carried at cost	7	436 661	436 661
Total assets		49 952 957	32 406 192
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	6 571 172	1 661 518
Provisions	10	111 247	-
Non-current liabilities			
Non-current unspent conditional grants and receipts	11	12 912 394	8 940 645
Total liabilities		19 594 813	10 602 163
Net assets		30 358 144	21 804 029
NET ASSETS			
Housing development fund		346 779	346 779
Accumulated surplus		30 011 365	21 457 250
Total net assets		30 358 144	21 804 029

DANNHAUSER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2010

DANNHAUSER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2010

	Note	2010 R	Restated 2009 R
Revenue			
Property Rates	12	10 834 560	3 338 865
Service charges	13	635 985	498 444
Rental received	14	87 710	88 279
Interest earned	15	1 638 150	1 859 679
Fines	16	98 535	120 098
Licenses and permits	17	996 148	890 408
Government grants and subsidies	18	38 763 351	29 129 552
Other income	19	337 832	226 691
Total Revenue		53 392 271	36 152 016
Expenses			
Employee related costs	20	11 915 721	10 436 219
Remuneration of councillors	21	4 144 631	3 839 328
Depreciation, amortisation and impairment	22	1 540 578	716 266
Finance costs	23	-	34 453
Repairs and maintenance	24	2 521 202	1 941 820
Grants and subsidies expenses	25	3 219 654	10 328 658
General expenses	26	21 672 832	6 660 756
Total expenses		45 014 618	33 957 500
Surplus for the period		8 377 653	2 194 516

DANNHAUSER MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE, 2010

		Housing Development Fund	Accumulated Surplus	Total Net Assets
	Notes	R	R	R
Balance as at 30 June 2008 as previously reported		268 359	5 691 141	5 959 500
Restatements due to GRAP conversion	28.5	-	13 571 593	13 571 593
Restated balance at 1 July 2009		268 359	19 262 734	19 531 093
Interest on housing funds		78 420	-	78 420
Surplus for the period		-	2 194 516	2 194 516
Balance as at 30 June 2009		346 779	21 457 250	21 804 029
Property, plant and equipment restatement	30	-	176 462	176 462
Restated balance 1 July 09		346 779	21 633 712	21 980 491
Surplus for the period		-	8 377 653	8 377 653
Balance as at 30 June 2010		346 779	30 011 365	30 358 144

DANNHAUSER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2010

	Note	2010 R	Restated 2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		53 217 024	38 527 783
Sales of goods and services		9 334 276	7 577 382
Grants		42 735 101	29 090 722
Interest received		1 147 647	1 859 679
Payments		34 846 552	35 181 003
Employee costs		16 060 351	14 275 547
Suppliers		15 566 547	10 542 344
Interest paid		-	34 453
Grants		3 219 654	10 328 658
Net cash flows from operating activities	27	18 370 472	3 346 779
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of fixed assets		(13 825 804)	(333 481)
Increase of investments		(1 147 642)	(321 072)
Net cash flows from investing activities		(14 973 446)	(654 553)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(656 250)
Net cash flows from financing activities		-	(656 250)
Net increase/(decrease) in cash and cash equivalents		3 397 026	2 035 976
Cash and cash equivalents at beginning of year		2 879 914	843 938
Cash and cash equivalents at end of year		6 276 940	2 879 914

DANNHAUSER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2010

1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

As this is the first year of adoption of GRAP, the prior year comparatives have been restated to comply with the GRAP framework, which has resulted in full retrospective application. The effect of these changes is disclosed in note 28.

1.1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 - Segment Reporting

GRAP 21 - Impairment of Non-cash-generating assets

1 BASIS OF ACCOUNTING (continued)

1.1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 25 - Employee Benefits
GRAP 26 - Impairment of Cash-generating Assets
GRAP 103 - Heritage Assets
GRAP 104 - Financial Instruments

Adoption of these standards and interpretations are not expected to have a significant impact on the municipality.

1.1.6 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, default and delinquency in payments are considered indicators that the trade receivables are impaired.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates is included in note 10.

Effective interest rate

The municipality used the incremental borrowing rate to discount future cash flows.

1.1.7 DIRECTIVE 4

As allowed by the transitional provisions included in Directive 4, the following asset classes have not been measured in accordance with the relevant GRAP standard for the year ended June 30, 2010:

- Investment properties(GRAP 16)
- Property, plant and equipment (GRAP 17)
- Provisions – Site restoration and dismantling (GRAP 19)
- Intangible assets (GRAP 102)

Management has estimated provisional amounts for each of these asset classes which are included in the statement of financial position.

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Property & performance works	25 - 30 years
Transport assets	5 - 8 years
Machinery & equipment	7 - 10 years
Office furniture & equipment	7 - 10 years
Heritage assets represent municipal jewellery which are non depreciable assets	

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the statement of financial performance.

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.2.5 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.2.6 DIRECTIVE 4

The municipality has utilised the transitional provisions of Directive 4 which are available to low capacity municipalities for the year ended June 30, 2010. Property, plant and equipment have therefore not been measured in accordance with GRAP 17 or the accounting policy above. A "provisional" amount has been determined by management, which will be used until the GRAP 17 measurement process is completed. It is anticipated that this process will be completed by June 30, 2012.

1.3 INTANGIBLE ASSETS

1.3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.3 INTANGIBLE ASSETS (continued)

1.3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

- Computer software 5 years

1.3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3.5 DIRECTIVE 4

The municipality has taken advantage of the transitional provisions of Directive 4 which are available to low capacity municipalities for the year ended June 30, 2010. Intangible assets have therefore not been measured in accordance with GRAP 102 or the accounting policy above. A "provisional" amount has been determined by management, which will be used until the GRAP 102 measurement process is completed. It is anticipated that this process will be completed by June 30, 2012.

1.4 INVESTMENT PROPERTY

1.4.1 INITIAL RECOGNITION

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

1.4 INVESTMENT PROPERTY (continued)

1.4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Land is not depreciated.

The useful life of buildings is 7 years

1.4.3 DIRECTIVE 4

The municipality has taken advantage of the transitional provisions of Directive 4 which are available to low capacity municipalities for the year ended June 30, 2010. Investment properties have therefore not been measured in accordance with GRAP 16 or the accounting policy above. A "provisional" amount has been determined by management, which will be used until the GRAP 16 measurement process is completed. It is anticipated that this process will be completed by June 30, 2012.

1.5 FINANCIAL INSTRUMENTS

1.5.1 CLASSIFICATION

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

1.5.1.1 INITIAL RECOGNITION

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

Transaction costs are included in the initial measurement of the instrument.

1.5.2 SUBSEQUENT MEASUREMENT

Loans and receivables and trade debtors are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

1.5 FINANCIAL INSTRUMENTS (continued)

1.5.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.5.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets, loans and receivables and are subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Trade and other receivables are classified as loans and receivables.

1.5.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost and are subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Trade payables are subsequently measured at amortised cost, using the effective interest rate method.

1.5.2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash and cash equivalents are subsequently recorded at amortised cost as loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.6 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.6.1 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to the criteria below, changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

DIRECTIVE 4

The municipality has taken advantage of the transitional provisions of Directive 4 which are available to low capacity municipalities for the year ended June 30, 2010. Certain provisions have therefore not been measured in accordance with GRAP 19 or the accounting policy above. A "provisional" amount has been determined by management, which will be used until the GRAP 19 measurement process is completed. It is anticipated that this process will be completed by June 30, 2012.

1.7 LEASES

1.7.1 MUNICIPALITY AS LESSEE

FINANCE LEASE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

OPERATING LEASE

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Any contingent rents are expensed in the period they are incurred.

1.7.2 MUNICIPALITY AS LESSOR

OPERATING LEASE

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8 REVENUE

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

1.8 REVENUE (continued)

1.8.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.8.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

1.8.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.9 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.10 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.11 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are treated as defined contribution plans by the municipality as allowed by IAS 19 Employee benefits. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds.

1.12 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 GOVERNMENT GRANTS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.16.1 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

	2010	Restated
	R	2009
		R
2	CASH AND CASH EQUIVALENTS	
Cash and cash equivalents consists of:		
Cash on hand	3 200	3 200
Cash at bank	6 273 740	2 876 714
	<u>6 276 940</u>	<u>2 879 914</u>
The Municipality has the following bank accounts:		
Current account (Primary bank account)		
Standard Bank limited of South Africa – Dannhauser		
Account number 060032073		
Cash book balance at beginning of year	2 876 714	840 166
Cash book balance at end of year	<u>6 273 740</u>	<u>2 876 714</u>
Bank statement balance at beginning of year	3 406 433	404 528
Bank statement balance at end of year	<u>7 864 634</u>	<u>3 406 433</u>
Cash on hand	3 200	3 200
Total cash and cash equivalents	<u>6 276 940</u>	<u>2 879 914</u>
Total bank overdraft	<u>-</u>	<u>-</u>
3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	
	Gross Balances	Provision for Doubtful Debts
	2010	R
Service debtors		
Rates	5 950 174	(4 031 664)
Refuse	906 745	(602 434)
Total	<u>6 856 919</u>	<u>2 222 821</u>
Less: Unallocated Receipts	(972 494)	-
Total Trade Receivables	<u>5 884 425</u>	<u>1 250 327</u>
Other Receivables	143 657	(63 044)
Total Trade and Other Receivables	<u>6 028 082</u>	<u>1 330 940</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

**3 TRADE AND OTHER RECEIVABLES
FROM EXCHANGE TRANSACTIONS**

(continued)

	Gross Balances	Provision for Doubtful Debts	Net Balance
	R	R	R
2009			
Service debtors			
Rates	1 839 337	(691 443)	1 147 894
Refuse	960 388	(361 016)	599 372
Total	<u>2 799 725</u>	<u>(1 052 459)</u>	<u>1 747 266</u>
Less: Unallocated Receipts	(961 904)	-	(961 904)
Total Trade Receivables	<u>1 837 821</u>	<u>(1 052 459)</u>	<u>785 362</u>
Other Receivables	88 457	(38 079)	50 378
Total Trade and Other Receivables	<u>1 926 278</u>	<u>(1 090 538)</u>	<u>835 740</u>

	2010	Restated 2009
	R	R
3.1 Rates: Ageing		
Current (0-30 days)	396 985	302 318
31 – 60 Days	349 663	194 109
61 – 90 Days	361 232	197 837
91 – 120 Days	545 482	177 342
121 – 365 Days and over	4 296 812	967 731
Total	<u>5 950 174</u>	<u>1 839 337</u>

Refuse: Ageing

Current (0-30 days)	51 628	41 423
31 – 60 Days	46 341	23 917
61 – 90 Days	44 448	36 593
91 – 120 Days	42 633	29 918
121 – 365 Days and over	721 695	828 537
Total	<u>906 745</u>	<u>960 388</u>

**3.2 Summary of Trade Receivables per
customer classification**

	Total	Residential & Commercial	National & Provincial Government
2010			
Current (0-30 days)	448 613	390 522	58 091
31 – 60 Days	396 004	344 814	51 190
61 – 90 Days	405 680	356 219	49 461
91 – 120 Days	588 115	538 612	49 503
121 – 365 Days and over	4 046 012	3 679 805	366 207
Subtotal	<u>5 884 424</u>	<u>5 309 972</u>	<u>574 452</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Less Provision for doubtful debts	(4 634 097)	(4 218 388)	(415 709)
Total debtors per customer classification	1 250 327	1 091 584	158 743

	2010 R	Restated 2009 R
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		

3.2 Summary of Trade Receivables per customer classification (continued)

2009

Due to the system limitations the 2009 age analysis could not be reclassified on a reasonable basis.

3.3 Reconciliation of the doubtful debt provision

Balance at beginning of the year	1 090 538	1 855 223
Contributions to provision	3 606 604	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	(764 685)
Balance at end of year	<u>4 697 142</u>	<u>1 090 538</u>

3.4 Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2010, R 813 550 (2009: R 463 751) were past due but not impaired. The ageing of the amounts past due but not impaired is as follows:

1 Month past due	401 937	223 583
2 Months past due	411 613	239 988
	<u>813 550</u>	<u>463 571</u>

3.5 Trade and other receivables impaired

As of 30 June 2010, trade and other receivables of R 4 697 141 (2009: R 1 090 538) were impaired and provided for. The amount of the provision was R 4 697 141 as of 30 June 2010 (2009: R 1 090 538). The ageing of these receivables is as follows:

3 months past due	594 420	212 699
Over 3 months past due	4 102 721	877 839
	<u>4 697 141</u>	<u>1 090 538</u>

The fair value of the trade and other receivables approximates their carrying amount.

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
4 INVESTMENTS		
Call investments	21 408 174	20 260 527
	<u>21 408 174</u>	<u>20 260 527</u>

Call investments consists of 32 day call accounts and notice accounts with reputable financial institutions.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Details of property

The municipality owns a number of properties.
A full list of all the properties owned by the municipality and their details are available at the registered Office of the Municipality.

5.2 PROPERTY, PLANT AND EQUIPMENT

Cost	26 918 769	12 916 503
Accumulated depreciation and impairment losses	(8 005 648)	(6 513 083)
Net carrying value	<u>18 913 121</u>	<u>6 403 420</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

5.2 PROPERTY, PLANT AND EQUIPMENT (continued)

2010	Reconciliation of carrying value	Land	Buildings	Infrastructure	Heritage	Machinery & Equipment	Furniture & Office Equipment	Computer Equipment	Motor Vehicles	Total
		R	R	R	R	R	R	R	R	R
	As at 1 July 2009	1 239 792	658 389	2 265 926	55 576	591 977	566 413	452 406	749 403	6 579 882
	Costs/Valuation	1 239 792	4 676 920	2 888 307	55 576	948 586	844 065	906 588	1 356 669	12 916 503
	Change in accounting estimate	-	-	-	-	37 303	102 060	37 099	-	176 462
	Accumulated depreciation and impairment losses	-	(4 018 531)	(622 381)	-	(393 912)	(379 712)	(491 281)	(607 266)	(6 513 083)
	Acquisitions	-	2 275 515	10 098 825	-	114 086	318 617	438 958	579 803	13 825 804
	Depreciation	-	(147 906)	(74 952)	-	(115 755)	(153 797)	(165 950)	(144 906)	(803 266)
	Impairment loss	-	(13 765)	(621 624)	-	(14 290)	(1 845)	(421)	(37 354)	(689 299)
	Reversal of impairment loss	-	-	-	-	-	-	-	-	-
	As at 30 June 2010	1 239 792	2 772 233	11 668 175	55 576	576 018	729 388	724 993	1 146 946	18 913 121
	Costs/Valuation	1 239 792	6 952 435	12 987 132	55 576	1 099 975	1 264 742	1 382 645	1 936 472	26 918 769
	Accumulated depreciation and impairment losses	-	(4 180 202)	(1 318 957)	-	(523 957)	(535 354)	(657 652)	(789 526)	(8 005 648)

Refer to Appendix A for more detail on property, plant and equipment

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

5.2 PROPERTY, PLANT AND EQUIPMENT (continued)

Restated 2009	Reconciliation of carrying value	Land	Buildings	Infrastructure	Heritage	Machinery & Equipment	Furniture & Office Equipment	Computer Equipment	Motor Vehicles	Total
		R	R	R	R	R	R	R	R	R
	As at 1 July 2009	1 239 792	799 580	2 334 377	55 576	467 403	514 670	452 841	881 905	6 746 144
	Costs/Valuation	1 239 792	4 670 277	2 891 187	55 576	769 853	779 786	821 263	1 326 669	12 554 403
	Change in accounting policy	-	-	(2 880)	-	-	1 499	-	30 000	28 619
	Accumulated depreciation and impairment losses	-	(3 870 697)	(553 930)	-	(302 450)	(266 615)	(368 422)	(474 764)	(5 836 878)
	Acquisitions	-	6 643	-	-	178 733	62 780	85 325	-	333 481
	Depreciation	-	(147 834)	(68 451)	-	(91 462)	(113 097)	(122 859)	(132 502)	(676 205)
	Impairment loss	-	-	-	-	-	-	-	-	-
	Reversal of impairment loss	-	-	-	-	-	-	-	-	-
	As at 30 June 2010	1 239 792	658 389	2 265 926	55 576	554 674	464 353	415 307	749 403	6 403 420
	Costs/Valuation	1 239 792	4 676 920	2 888 307	55 576	948 586	844 065	906 588	1 356 669	12 916 503
	Accumulated depreciation and impairment losses	-	(4 018 531)	(622 381)	-	(393 912)	(379 712)	(491 281)	(607 266)	(6 513 083)

Refer to Appendix A for more detail on property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

6 INTANGIBLE ASSETS

6.1 Reconciliation of carrying value

	Computer Software R	Total R
2010		
As at 1 July 2009	168 312	168 312
Cost	285 141	285 141
Accumulated amortisation and impairment losses	(116 829)	(116 829)
Acquisitions	-	-
Amortisation	(48 013)	(48 013)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Impairment loss	-	-
Reversal of impairment loss	-	-
As at 30 June 2010	120 299	120 299
Cost	285 141	285 141
Accumulated amortisation and impairment losses	(164 842)	(164 842))
Restated 2009		
As at 1 July 2008	163 585	163 585
Cost	240 352	240 352
Accumulated amortisation and impairment losses	(76 767)	(76 767)
Acquisitions	44 789	44 789
Amortisation	(40 061)	(40 061)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Impairment loss	-	-
Reversal of impairment loss	-	-
As at 30 June 2009	168 312	168 312
Cost	285 141	285 141
Accumulated amortisation and impairment losses	(116 829)	(116 829)

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

7 INVESTMENT PROPERTY CARRIED AT COST

	Vacant Land R	Total R
7.1 Reconciliation of carrying value		
2010		
As at 1 July 2009	436 661	436 661
Cost	436 661	436 661
Accumulated depreciation and impairment losses	-	-
Acquisitions	-	-
Depreciation	-	-
Carrying amount of disposals	-	-
Cost	-	-
Accumulated depreciation	-	-
Impairment loss/ Reversal of impairment loss	-	-
As at 30 June 2010	436 661	436 661
Cost	436 661	436 661
Accumulated depreciation and impairment losses	-	-
Restated 2009		
As at 1 July 2008	436 661	436 661
Cost	436 661	436 661
Accumulated depreciation and impairment losses	-	-
Acquisitions	-	-
Depreciation	-	-
Carrying amount of disposals	-	-
Cost	-	-
Accumulated depreciation	-	-
Impairment loss/ Reversal of impairment loss	-	-
As at 30 June 2009	436 661	436 661
Cost	436 661	436 661
Accumulated depreciation and impairment losses	-	-

The municipality has taken advantage of the transitional provisions of Directive 4 which are available to low capacity municipalities for the year ended June 30, 2010. Investment properties have therefore not been measured in accordance with GRAP 16 or the accounting policy above. A "provisional" amount has been determined by management, which will be used until the GRAP 16 measurement process is completed. It is anticipated that this process will be completed by June 30, 2012.

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
7. INVESTMENT PROPERTY CARRIED AT COST (continued)		
7.2 Investment property pledged as security		
There are no investment properties pledged as security in the current year. (2009:nil)		
7.3 Rental income from investment properties		
Refer note 14.		
8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	1 707 333	23 816
Retentions on contracts with creditors	1 212 152	-
Staff leave accrual	1 126 047	471 307
Accrued lease liability	11 186	-
Lease smoothing (asset) / liability	(1 864)	2 118
PAYE liability	1 062 829	-
Audit fee accrual	945 500	708 475
Trade accruals	507 989	455 802
Total creditors	<u>6 571 172</u>	<u>1 661 518</u>
The fair value of trade and other payables approximates their carrying amounts. Trade creditors and accruals are normally paid within 30 – 60 days.		
9 VAT Receivable		
VAT receivable	<u>1 466 822</u>	<u>1 421 618</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
10 PROVISIONS		
Performance bonus	71 747	-
Provision for landfill site	39 500	-
Total provision	<u>111 247</u>	<u>-</u>

The movement in current provisions are reconciled as follows:

2010	Performance bonus
As at 1 July 2009	-
Contributions to provisions	71 747
Expenditure incurred	-
As at 30 June 2010	<u>71 747</u>
Restated 2009	
As at 1 July 2008	-
Contributions to provisions	-
Expenditure incurred	-
As at 30 June 2009	<u>-</u>

The performance bonus is payable to the municipal manager. The provision is based on a percentage of the annual salary package and measured against individual performance score card objectives. The amount provided for is the best estimate calculated at year end.

2010	Landfill site
As at 1 July 2009	-
Contributions to provisions	39 500
Expenditure incurred	-
As at 30 June 2010	<u>39 500</u>
Restated 2009	
As at 1 July 2008	-
Contributions to provisions	-
Expenditure incurred	-
As at 30 June 2009	<u>-</u>

The provision for landfill site is the cost of levelling the land in the next financial year. The landfill site is levelled on an annual basis, the provision is calculated based on the costs incurred in the current financial year in respect to levelling and this had been adjusted for inflation. The amount provided is the best estimate calculated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
11.1 Unspent Conditional Grants from other spheres of Government		
MIG grant	4 299 640	1 712 601
Emafusini KNPA roads project	112 437	112 437
Financial management grant	273 898	273 898
Fire grant ex Amajuba	37 897	37 897
GIS grant	66 053	85 012
Health RSC-cemetery project	58 336	58 336
IMP monitoring system (KZN Province)	58 830	58 830
Kwagule bakery-reserves	53 440	53 440
Land use management systems	116 368	168 689
Management support programme	1 495 219	1 495 219
Municipal systems improvements	307 407	307 407
Performance management systems	310 262	310 262
Rural infrastructure	344 148	344 148
Storm relief	2 154 759	2 154 759
T/C IDP (inland planning)	89 813	89 813
T/C administrative facilities	44 336	44 336
Tourism support grant	208 529	208 529
Valuation roll-grant	165 000	165 000
MFMA grant	200 000	200 000
MAP grant	8 450	8 450
MPRA grant	(39 473)	(39 473)
FMG grant	1 687 371	529 308
MSIG grant	22 779	(53 123)
Amajuba DC grant	232 647	10 622
MIG retention	153 015	153 015
Free basic electricity	244 287	244 287
Capacity building grant	206 946	206 946
Total Unspent Conditional Grants and Receipts	12 912 394	8 940 645
Non-current unspent conditional grants and receipts	12 912 394	8 940 645
These amounts are invested in ring-fenced investment until utilised.		
11.2 MIG Grant		
Balance unspent at beginning of year	(1 712 601)	-
Current year receipts	(13 053 538)	(8 151 670)
Conditions met - transferred to revenue	10 466 499	6 439 069
Conditions still to be met - remain liabilities	(4 299 640)	(1 712 601)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
11 (continued)		
11.3 Other Government Grants and Subsidies		
Summary:		
Balance unspent at beginning of year	(7 228 044)	(6 417 956)
Current year receipts	(3 707 025)	(2 724 650)
Conditions met - transferred to revenue	2 322 315	1 914 562
Conditions still to be met - remain liabilities	<u>(8 612 754)</u>	<u>(7 228 044)</u>
Details of grants:		
EMAFUSINI KNPA ROADS PROJECT		
Balance unspent at beginning of year	(112 437)	(112 437)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(112 437)</u>	<u>(112 437)</u>
FINANCIAL MANAGEMENT GRANT		
Balance unspent at beginning of year	(273 898)	(273 898)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(273 898)</u>	<u>(273 898)</u>
FIRE GRANT EX AMAJUBA		
Balance unspent at beginning of year	(37 897)	(37 897)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(37 897)</u>	<u>(37 897)</u>
FREE BASIC ELECTRICITY		
Balance unspent at beginning of year	(244 287)	(244 287)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(244 287)</u>	<u>(244 287)</u>
GIS GRANT		
Balance unspent at beginning of year	(85 012)	(90 669)
Current year receipts	-	-
Conditions met - transferred to revenue	18 959	5 657
Conditions still to be met - remain liabilities	<u>(66 053)</u>	<u>(85 012)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
11.3 Other Government Grants and Subsidies (continued)		
HEALTH RSC-CEMETERY PROJECT		
Balance unspent at beginning of year	(58 336)	(58 336)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(58 336)</u>	<u>(58 336)</u>
IMP MONITORING SYS (KZN PROV)		
Balance unspent at beginning of year	(58 830)	(58 830)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(58 830)</u>	<u>(58 830)</u>
KWAGULE BAKERY-RESERVES		
Balance unspent at beginning of year	(53 440)	(53 440)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(53 440)</u>	<u>(53 440)</u>
LAND USE MANAGEMENT SYSTEMS		
Balance unspent at beginning of year	(168 689)	(168 689)
Current year receipts	-	-
Conditions met - transferred to revenue	52 321	-
Conditions still to be met - remain liabilities	<u>(116 368)</u>	<u>(168 689)</u>
MANAGEMENT SUPPORT PROGRAM		
Balance unspent at beginning of year	(1 495 219)	(1 495 219)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(1 495 219)</u>	<u>(1 495 219)</u>
MUNICIPAL SYSTEMS IMPROVEMENTS		
Balance unspent at beginning of year	(307 407)	(307 407)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(307 407)</u>	<u>(307 407)</u>
PERFORMANCE MANAGEMENT SYSTEMS		
Balance unspent at beginning of year	(310 262)	(310 262)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(310 262)</u>	<u>(310 262)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
11.3 Other Government Grants and Subsidies (continued)		
RURAL INFRASTRUCTURE		
Balance unspent at beginning of year	(344 148)	(344 148)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(344 148)</u>	<u>(344 148)</u>
STORM RELIEF		
Balance unspent at beginning of year	(2 154 759)	(2 154 759)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(2 154 759)</u>	<u>(2 154 759)</u>
T/C IDP (INLAND PLANNING)		
Balance unspent at beginning of year	(89 813)	(89 813)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(89 813)</u>	<u>(89 813)</u>
T/C ADMINISTRATIVE FACILITIES		
Balance unspent at beginning of year	(44 336)	(44 336)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(44 336)</u>	<u>(44 336)</u>
TOURISM SUPPORT GRANT		
Balance unspent at beginning of year	(208 529)	(208 529)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(208 529)</u>	<u>(208 529)</u>
VALUATION ROLL-GRANT		
Balance unspent at beginning of year	(165 000)	(165 000)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(165 000)</u>	<u>(165 000)</u>
MFMA GRANT		
Balance unspent at beginning of year	(200 000)	(200 000)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(200 000)</u>	<u>(200 000)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
11.3 Other Government Grants and Subsidies (continued)		
MAP UNSPENT GRANT		
Balance unspent at beginning of year	(8 450)	-
Current year receipts	-	(109 689)
Conditions met - transferred to revenue	-	101 239
Conditions still to be met - remain liabilities	<u>(8 450)</u>	<u>(8 450)</u>
MPRA GRANT		
Balance unspent at beginning of year	39 473	-
Current year receipts	-	(220 000)
Conditions met - transferred to revenue	-	259 473
Conditions still to be met - remain liabilities	<u>39 473</u>	<u>39 473</u>
FMG GRANT		
Balance unspent at beginning of year	(529 308)	-
Current year receipts	(2 750 000)	(1 250 000)
Conditions met - transferred to revenue	1 591 937	720 692
Conditions still to be met - remain liabilities	<u>(1 687 371)</u>	<u>(529 308)</u>
MSIG GRANT		
Balance unspent at beginning of year	53 123	-
Current year receipts	(735 000)	(735 000)
Conditions met - transferred to revenue	659 098	788 123
Conditions still to be met - remain liabilities	<u>(22 779)</u>	<u>53 123</u>
AMAJUBA DC GRANT		
Balance unspent at beginning of year	(10 622)	-
Current year receipts	(222 025)	(50 000)
Conditions met - transferred to revenue	-	39 378
Conditions still to be met - remain liabilities	<u>(232 647)</u>	<u>(10 622)</u>
MIG RETENTION		
Balance unspent at beginning of year	(153 015)	-
Current year receipts	-	(153 015)
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(153 015)</u>	<u>(153 015)</u>
CAPACITY BUILDING GRANT		
Balance unspent at beginning of year	(206 946)	-
Current year receipts	-	(206 946)
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	<u>(206 946)</u>	<u>(206 946)</u>

	2010	Restated 2009
	R	R

11.4 DESCRIPTION OF GRANTS AND SUBSIDIES

The description of the major grants and subsidies are detailed below:

MIG Grant

This grant is used to address backlogs in municipal infrastructure required for the provision of basic services in the community. The unspent portion will be used to complete the same infrastructure projects.

MSIG Grant

This grant is used for infrastructure and for capacity building and restructuring. The capacity building and restructuring grants were set up to assist the municipality in developing their planning, budgeting, financial management and technical skills.

FMG Grant

The main objective of this grant is to assist in the rollout of financial management reforms embodied in the MFMA through building capacity in financial management. The unspent portion will be used to complete the same projects.

MSP Grant

The main objective of this grant is to assist the municipality with the conversion from IMFO to GRAP. The grant was given in order to fund expenditure that was incurred to contract a consultant to assist with the conversion.

11.5 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

12 PROPERTY RATES**Actual**

Residential	3 497 358	1 741 117
Commercial	6 984 491	1 597 154
State	352 711	594
Total property rates	10 834 560	3 338 865

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
12 PROPERTY RATES (continued)		
<u>Valuations</u>		
Residential	320 266 000	68 855 600
Commercial	491 881 400	74 921 400
State	89 122 000	284 200
Total Property Valuations	<u>901 269 400</u>	<u>144 061 200</u>
<p>Valuations on land and buildings are performed every four years. The last valuation came into effect on 02 June 2008. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.</p>		
Rate Randages		
Rates randage - Dannhauser		
Land	0.2235749c/R1	0.2235749c/R1
Vacant Land	0.2784121c/R1	0.2784121c/R1
Buildings	0.0115990c/R1	0.0115990c/R1
Rates randage - Hattingspruit		
Land	0.069750c/R1	0.069750c/R1
Vacant Land	0.069750c/R1	0.069750c/R1
Buildings	0.030616c/R1	0.030616c/R1
Rates randage - Durnacol		
Land	0.2235749c/R1	0.2235749c/R1
Vacant Land	0.2784121c/R1	0.2784121c/R1
Buildings	0.0115990c/R1	0.0115990c/R1
Rates randage - Emfaseni		
Land	0.225750c/R1	0.225750c/R1
Vacant Land	0.225750c/R1	0.225750c/R1
Buildings	0.121540c/R1	0.121540c/R1
Non rateable land and buildings	86 934 000	10 196 000
Rebate granted to qualifying pensioners	10%	10%

Rates are levied on an annual basis with the final date of payment being 30 June 2009/10

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
13 SERVICE CHARGES		
Refuse removal	635 985	498 444
Total service charges	<u>635 985</u>	<u>498 444</u>
14 RENTAL RECEIVED		
Rental of investment properties	87 710	88 279
Total rentals	<u>87 710</u>	<u>88 279</u>
15 INTEREST EARNED		
Interest earned on long outstanding receivables	490 504	-
Interest earned on external investments	1 147 646	1 859 679
Total interest	<u>1 638 150</u>	<u>1 859 679</u>
16 FINES		
Library fines	9 835	315
Traffic fines	88 700	119 783
Total fines	<u>98 535</u>	<u>120 098</u>
17 LICENCES AND PERMITS		
Plan fees	313 248	243 362
Learners licence	369 312	377 626
Vehicle licence	313 588	269 420
Total licences and permits	<u>996 148</u>	<u>890 408</u>
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	24 800 537	19 890 706
Councilors allowances grants	1 174 000	986 452
MIG grant	10 466 499	6 439 069
Other Government grants and subsidies	2 322 315	1 813 325
Total Government grants and subsidies	<u>38 763 351</u>	<u>29 129 552</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
18 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.	(24 800 537)	(19 890 706)
18.2 Councillors allowances grant		
The councillors' allowances grant is an allocation of the equitable share grant that is utilised for the allowances paid to the councillors of the municipality.	(1 174 000)	(986 452)
19 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
Other Income		
Rates clearing certificates	10 426	14 829
Cemetery fees	12 216	11 335
Encroachments	1 351	4 052
Drivers license cards	195 716	152 858
Sundry Income	118 123	43 617
Total Other Income	<u>337 832</u>	<u>226 691</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
20 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	8 907 143	7 339 646
Employee related costs – Contributions for UIF, pensions and medical aids	1 370 052	1 127 070
Travel, Motor Car, Accommodation, Subsistence and other allowances	4 729 289	4 660 878
Housing benefits and allowances	24 998	40 297
Overtime Payments	387 377	495 819
Performance and other bonuses	485 578	499 420
Other employee related costs	155 915	112 417
Remuneration of councillors separately disclosed in (note 21)	(4 144 631)	(3 839 328)
Total employee related costs	<u>11 915 721</u>	<u>10 436 219</u>
Remuneration of the Municipal Manager		
Annual Remuneration	358 860	261 917
Travel, Motor Car, Accommodation, Subsistence and other allowances	198 041	231 581
Contributions to UIF, Medical and Pension Funds	40 998	28 461
Total	<u>597 899</u>	<u>521 959</u>
Remuneration of the Chief Finance Officer		
Annual Remuneration	233 361	206 413
Travel, Motor Car, Accommodation, Subsistence and other allowances	69 463	65 583
Contributions to UIF, Medical and Pension Funds	53 427	52 060
Total	<u>356 251</u>	<u>324 056</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

20 EMPLOYEE RELATED COSTS (continued)

Remuneration of individual executive directors	Technical Services	Secretarial Services	Health Services
2010			
Annual Remuneration	214 502	193 698	193 698
Performance and other bonuses	18 425	15 092	16 638
Travel, Motor Car, Accommodation, Subsistence and other allowances	82 559	76 702	87 817
Contributions to UIF, Medical and Pension Funds	57 324	83 744	58 436
Total	372 810	369 236	356 589
Restated 2009			
Annual Remuneration	195 668	176 692	176 692
Performance and other bonuses	16 306	14 724	14 724
Travel, Motor Car, Accommodation, Subsistence and other allowances	72 834	81 521	74 077
Contributions to UIF, Medical and Pension Funds	52 311	75 965	53 281
Total	337 119	348 902	318 774

21 REMUNERATION OF COUNCILLORS

	2010 R	Restated 2009 R
Executive Mayor (allowance and travel)	293 988	267 125
Deputy Executive Mayor (allowance and travel)	224 843	213 700
Speaker (allowance and travel)	235 986	213 700
Executive Committee Members (allowance and travel)	429 071	400 686
Councillors (allowance and travel)	2 343 097	2 125 067
Councillors' pension and medical aid contributions	409 361	423 754
All Councillors' phone and subsistence allowances	208 285	195 296
Executive Councillors	53 475	49 860
Non-executive councillors	154 810	145 436
Total councillors' remuneration	4 144 631	3 839 328
Summary:		
Executive councillors	1 371 426	1 279 024
Other councillors	2 773 205	2 560 304
	4 144 631	3 839 328

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
21 REMUNERATION OF COUNCILLORS (continued)		
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are all part time. The Executive Mayor is entitled to the use and enjoyment of a vehicle at no cost to her. This vehicle is leased by the Council from Fleet Africa. An office is also provided to the mayor which includes a full time personal assistant.		
22 DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Property, plant and equipment	803 266	676 205
Intangible assets	48 013	40 061
Impairment on property, plant and equipment	689 299	-
Total depreciation, amortisation and impairment	<u>1 540 578</u>	<u>716 266</u>
23 FINANCE COSTS		
Borrowings	-	34 453
Total finance costs	<u>-</u>	<u>34 453</u>
24 REPAIRS AND MAINTENANCE		
Road marking	82 705	74 837
Streets and drainage	699 254	703 385
Sidewalks	123 332	115 620
Refuse site	38 000	8 920
Fire houses	6 857	14 256
Tool and Equipment	3 792	4 208
Bridges	308 467	106 725
Equipment	354 097	399 748
IT support	117 860	70 440
Fencing	380 923	143 000
Vehicle maintenance	337 690	246 652
Building and offices	68 225	54 029
Total	<u>2 521 202</u>	<u>1 941 820</u>

DANNHAUSER MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

	2010	Restated
	R	2009
		R
25 GRANTS AND SUBSIDIES EXPENSES		
Capacity building grant	71 688	236 489
Equitable share : FBS & FBE	545 278	534 575
HIV / Aids Program – DTLG Grant	393 073	227 120
GIS Geog Infrastructure Grant	-	5 657
MIG Municipal Infrastructure Grant	-	7 336 378
MPRA Municipal Prop Rates Act	-	479 624
FMG Finance Management Grant	1 550 516	720 692
MSIG – IMFO technician	659 099	788 123
Total	<u>3 219 654</u>	<u>10 328 658</u>

DANNHAUSER MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

	2010	Restated
	R	2009
26 GENERAL EXPENSES		R
Advertisements	94 077	74 545
Audit fees	1 638 752	842 952
Provision for bad debt	3 606 603	(766 544)
Bank charges	78 834	70 190
Books and publications	12 832	15 809
Burial of destitute	54 815	-
Catering	89 268	58 236
Cemetery upgrade	59 930	-
Chemicals	27 500	23 781
Cleaning materials	29 126	14 158
Commemoration	138 793	-
Condolatory fund	187 548	106 295
Computer costs	404 738	526
Computer programs	-	2 291
Conferences and seminars	236 714	173 645
Council ward committee	123 912	217 580
Culture	246 602	199 172
Deeds	-	1 603
Disabled projects	157 281	99 311
Disaster rehabilitation	156 948	-
Electricity	275 023	249 616
Entertainment (mayor)	49 731	42 334
Facilitation	19 673	-
Financial management expenses	227	
Gazetting expenses	-	16 384
Gender	189 099	57 006
Hire of Machinery	690 341	319 665
Insurance	241 079	150 591
Loose tools	9 603	30 866
Leave encashment	38 789	-
LED	205 483	232 655
Legal costs	234 088	91 638
Levies	-	226 277
Library – lost books	627	-
License fees	11 141	18 308
Marketing and corporate	119 210	36 746
Mayoral car	52 581	74 431
Mayoral fund	187 489	90 727
Mayoral projects	154 489	125 520
Mayoral publicity	197 206	-
Medical waste	-	1 338
Membership fees	50 000	-

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
26 GENERAL EXPENSES (continued)		
Municipal bulletin	39 743	-
Consulting fee	1 458 580	-
Office equipment and furniture	194 956	17 762
Postage	51 260	81 178
Poverty alleviation	26 120	133 337
Printing and stationary	322 827	311 913
Professional services	138 091	151 222
Professional fees	138 692	4 019
Promote IDP	628 324	249 937
Promote public participation	19 026	17 819
Protective clothing	57 367	61 892
Provision for performance bonus	71 747	-
Provision for leave pay	660 731	12 887
Provision for landfill restoration	39 500	-
Public relations	-	5 000
Refuse bins/bags	-	9 174
Rental land	32 730	32 839
Rental of vehicles	112 120	58 614
Rental office machine	311 628	293 459
Safety equipment	-	15 617
Security and alarms	704 527	413 089
Senior citizen	934 557	348 162
Sewer	-	15 159
Sports	364 367	279 270
Sports fields	23 557	6 987
Stock and material	15 712	22 514
Subscriptions	1 489	41 604
Sundry expenses	2 770	63 625
Surgical supplies	-	22 612
Telephone	360 472	328 676
Tourism	693	-
Town cleaning	16 419	-
Training direct expense	365 656	92 308
Translations/interpretation	15 000	(44)
Transport official vehicles	553 435	496 710
Valuation appeal board	64 193	-
Valuation costs	-	2 495
Valuation roll	-	6 558
Valuation reduction	3 471 539	-
Water	72 291	64 146
Workman's compensation	-	9 129
Youth	332 561	93 435
	<u>21 672 832</u>	<u>6 660 756</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
27 CASH GENERATED BY OPERATIONS		
Surplus for the year	8 377 660	2 194 516
Adjustment for:		
Depreciation and amortisation	851 279	716 266
Impairments	689 299	-
Provision for bad debts	3 606 603	766 544
Interest on long outstanding receivables	(490 504)	-
Provision for performance bonus and landfill site	111 247	-
Internal advance contributions recognised in accumulated surplus on GRAP conversion (see note 28.2)	-	(833 313)
Leave pay accrual (non cash)	660 371	12 887
Smoothing of operating lease liability	(1 864)	2 118
Prior period adjustments to cash	-	(2 462 793)
Grants and subsidies not received from the State	-	(38 831)
Investment income	-	1 859 679
Operating surplus before working capital changes:	<u>13 804 091</u>	<u>2 217 073</u>
(Increase)/decrease in trade receivables	(3 611 287)	4 877 389
(Increase)/decrease in VAT receivables	(45 206)	-
(Increase)/decrease in unspent conditional grant liability	3 971 749	-
Increase/(decrease) in trade payables	4 251 125	(3 747 683)
Cash generated by/(utilised in) operations	<u>18 370 472</u>	<u>3 346 779</u>

28 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies to ensure that the annual financial statements are GRAP compliant.

28.1 Funds	2009 R
Balance previously reported:	
Consolidated capital development fund	8 435 053
Public improvement fund	1 496 677
Loans redeemed and other capital receipts	13 257 653
Total	<u>23 189 383</u>
Implementation of GRAP	
Transferred to Accumulated Surplus (see note 28.5 below)	<u>23 189 383</u>
Restated balance	<u>-</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010	Restated 2009
	R	R
28 CHANGE IN ACCOUNTING POLICY (continued)		
28.2 Fund Contributions and appropriations		
Balance previously reported		
Consolidated capital fund		1 084 561
Internal advances contribution		833 313
Appropriations		1 859 679
Restated balance		<u>3 777 553</u>
Implementation of GRAP		
Transferred to Accumulated Surplus (see note 28.5 below)		<u>(3 777 553)</u>
Restated balance		<u>-</u>
28.3 Property, plant and equipment		
Balance previously reported		-
Implementation of GRAP		
Fair value adjustment of zero value assets credited to Accumulated surplus (see note 28.5 below)		44 790
Property, plant and equipment identified, credited to Accumulated Surplus (see note 28.5 below)		28 619
Infrastructure		(2 881)
Furniture and office equipment		1 500
Motor vehicles		30 000
Total		<u>73 409</u>
Transferred to Accumulated Surplus (see note 28.5 below)		<u>73 409</u>
Restated balance		<u>-</u>
28.4 Accumulated Depreciation		
Backlog depreciation: Land and buildings		(3 870 697)
Backlog depreciation: Infrastructure		(553 930)
Backlog depreciation: Machinery		(302 451)
Backlog depreciation: Transport		(474 764)
Backlog depreciation: Furniture and fittings		(266 615)
Backlog depreciation: Intangible assets		(76 767)
Backlog depreciation: Computer equipment		(368 422)
Total		<u>(5 913 646)</u>
Transferred to Accumulated Surplus (see note 28.5 below)		<u>(5 913 646)</u>
Restated balance		<u>-</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

28	CHANGE IN ACCOUNTING POLICY (continued)	2010	Restated 2009
			R
28.5	Accumulated Surplus/(Deficit)		
	Implementation of GRAP		
	Statutory fund contributions no longer permitted (see note 28.2 above)		(3 777 553)
	Transferred from statutory funds (see note 28.1 above)		23 189 383
	Property, Plant and Equipment previously not recorded (see note 28.3 above)		73 409
	Backlog Depreciation (see note 28.4 above)		(5 913 646)
	Total GRAP Adjustments		<u>13 571 593</u>
29.	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
29.1	Unauthorised Expenditure		
	There was no identified unauthorised expenditure for the year under review (2009: nil)		
29.2	Fruitless and Wasteful Expenditure		
	There was no identified fruitless and wasteful expenditure for the year under review (2009: nil)		
29.3	Irregular expenditure		
	There was no identified irregular expenditure for the year under review (2009: nil)		
30	PROPERTY, PLANT AND EQUIPMENT RESTATEMENT		
	Assets had been identified in the current financial period that had been previously written off but are still in use. The effect of this has been a credit to opening accumulated surplus and a debit to the cost of the assets.		
	Effect on Property Plant and Equipment	176 462	-
	Machinery and equipment	37 303	-
	Furniture and office equipment	102 060	-
	Computer equipment	37 099	-
	Effect on opening accumulated surplus:	<u>(176 462)</u>	<u>-</u>

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT		
31.1 Contributions to organised local government		
Opening Balance	187 799	68 162
Council subscriptions	125 400	184 671
Amount paid – current year	(125 400)	(43 867)
Amount paid – previous years	(187 799)	(21 167)
Balance unpaid (included in payables)	<u>-</u>	<u>187 799</u>
31.2 Audit fees		
Opening balance	708 475	235 473
Current year audit fee	945 500	708 475
Amount paid – current year	-	-
Amount paid – previous years	(1 401 727)	(369 950)
Prior year under provision	693 252	134 477
Balance unpaid (included in payables)	<u>945 500</u>	<u>708 475</u>
31.3 VAT		
VAT input receivables and VAT output payables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.	<u>1 466 822</u>	<u>1 421 618</u>
31.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	2 544 984	1 395 833
Amount paid – current year	(1 482 155)	(1 395 833)
Amount paid – previous years	-	-
Balance unpaid (included in payables)	<u>1 062 829</u>	<u>-</u>
31.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and council contributions	3 091 222	2 645 785
Amount paid – current year	(3 091 222)	(2 645 785)
Amount paid – previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

DANNHAUSER MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010****31.6 Councillor's arrear consumer accounts**

	Total	Outstanding Less than 90 Days	Outstanding More than 90 Days
The following councillors had arrear accounts outstanding for more than 90 days as at:			
As at 30 June 2010:			
There were no councillor's arrears consumer accounts during 2010.	-	-	-
As at 30 June 2009:			
Councillor L M Ndlovu	777	115	662
Total Councillor Arrear Consumer Accounts	777	115	662

31.7 Risk Management

In accordance with Section 62(1)(c)(i) of Municipal Finance Management Act (MFMA), the municipality has not yet adopted a risk management policy and fraud prevention plan.

32 COMMITMENTS**32.1 Commitments in respect of capital expenditure**

- Approved and contracted for	11 208 513	23 062 862
Infrastructure	10 880 662	21 181 759
Community	327 851	1 881 103
- Approved but not yet contracted for	35 636 719	3 887 994
Infrastructure	30 649 338	3 854 992
Community	4 987 381	33 002
Total	46 845 232	26 950 856
This expenditure will be financed from:		
- External Sources	46 845 232	26 950 856
	46 845 232	26 950 856

DANNHAUSER MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

	2010 R	Restated 2009 R
32.2 Operating leases		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Operating leases - as lessee		
Within one year	365 089	378 629
In the second to fifth year inclusive	542 207	845 741
After five years	-	-
Total	<u>907 296</u>	<u>1 224 370</u>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years.

Operating leases - as lessor**Minimum lease payments due**

Within one year	24 705	40 122
In the second to fifth year inclusive	148 892	79 200
After five years	-	38 400
Total	<u>173 597</u>	<u>157 722</u>

Operating leases consist of the following:

Land and buildings that are let out by the municipality to residents in the Dannhauser community. No contingent rentals are receivable. The leases operate on a month to month basis. Operating leases containing escalation clauses are at 10% per annum.

33 RETIREMENT BENEFIT INFORMATION

The Council and its employees contribute to the Natal Joint Municipal Pension Fund's three funds which provide retirement benefits to such employees.

The funds are subject to the Pension Funds Act 1956, and are self administered, defined benefit plans. Pensions are calculated on the average annual pensionable emoluments during the last years of service. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed every three years.

These are not treated as defined benefit plans as defined by *IAS 19 Employee Benefits*, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Certain employees of the municipality belong to the Natal Joint Municipal Pension Fund (retirement), Natal Joint Municipal Pension Fund (provident) and Natal Joint Municipal Pension Fund (superannuation) which are administered by the Province.

These funds are subject to a triennial valuation. The last independent valuation was performed on the 31 March 2008 for the Superannuation fund and 31 March 2009 for the Retirement fund. These valuations indicated a surplus of R111.8 million (2009: R111.8 million) in respect of the Superannuation Fund and a surplus of R15.4 million (deficit of R 204.8 million in 2009) in respect of the Retirement fund.

The liabilities of the Provident Fund exceeded the assets, resulting in a deficit of R3.25 million. The deficit of R3.25 million (2009: R 3.25 million) will be met from future investment earnings therefore the Fund is considered financially sound. The last independent valuation was performed on the 31 March 2008 for the Pension fund.

All contributions made by Council in respect of employees retirement funding has been expensed and are included in employee related costs for the year.

DANNHAUSER MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	2010 R	Restated 2009 R
34 CONTINGENT LIABILITY		
There were no contingent liabilities for the year under review (2009: nil).		
35 IN-KIND DONATIONS AND ASSISTANCE		
The municipality did not receive any in-kind donations and assistance.		
36 RELATED PARTIES		
Compensation to councillors and other key management (refer to note 20 & 21):		
Councillor PG Nair has a financial interest in Dannhauser Hydraulics Engineering which is a supplier of the Dannhauser Municipality		
Related party balances		
Amounts included in trade payables regarding related parties relate to Dannhauser Hydraulics Engineering		
Related party transactions		
Purchases from related parties		
Dannhauser Hydraulics Engineering	9 560	16 959
There are no outstanding related party balances at year end (2009: nil)		
37 EVENTS AFTER THE REPORTING DATE		
There are no identified events after reporting date which required disclosure or adjustment		

	2010 R	Restated 2009 R
38 RISK MANAGEMENT		
38.1 Maximum credit risk exposure		
<p>Credit risk consists mainly of cash investments, cash held by the bank and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.</p> <p>The municipality's trade receivables mainly consist of community debtors for services rendered by the municipality such as rates and refuses.</p> <p><i>Financial assets exposed to credit risk at year end were as follows:</i></p>		
Cash at bank	6 273 740	2 876 714
Investments	21 408 174	20 260 527
Trade and other receivables	1 330 940	835 740

These balances represent the maximum exposure to credit risk.

38.2 Liquidity risk

The municipality's risk to liquidity is as a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality's financial liabilities are all classified as current liabilities, payable within the next 12 months.

	2010 R	Restated 2009 R
38.3 Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipality has no interest bearing liabilities.		
At year end, financial instruments exposed to interest rate risk were as follows:		
Based on the movements of interest rates in the preceding two years an increase and decrease of 200 base points had been used in the sensitivity analysis.		
Investments	21 408 174	20 260 527

Sensitivity Analysis:

	Effect on profit before tax	
	2% increase in current interest rates	2% decrease in current interest rates
2010		
Investments	428 163	(428 163)
2009		
Investments	405 211	(405 211)

39 RESTATEMENT OF COMPARATIVE INFORMATION

Comparative figures have been restated as follows:

39.1 Change in accounting framework

The municipality has adopted Generally Recognised Accounting Practice (GRAP) in the current financial year and as such restated comparative amounts to reflect GRAP compliance in the 2009 financial year. The effect of the change in accounting policies are shown in note 28.

39.2 Reclassifications

The municipality has reclassified the provision for leave pay and provision for audit fees from provisions in the prior year to accruals in the current year. Comparatives have been reclassified accordingly.

40 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted for is set out in Appendix B.

DANNHAUSER MUNICIPALITY

APPENDIX A: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

2010	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Previously written off assets	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Total
	R	R	R	R	R	R	R	R	R	R	R
Land											
Land	1 239 792	-	-	-	1 239 792	-	-	-	-	-	1 239 792
	1 239 792	-	-	-	1 239 792	-	-	-	-	-	1 239 792
Buildings											
Dwellings	249 354	-	-	-	249 354	(219 937)	(8 026)	-	-	(227 963)	21 391
Non Residential Dwellings	4 427 566	-	2 275 515	-	6 703 081	(3 798 594)	(139 880)	-	(13 765)	(3 952 239)	2 750 842
	4 676 920	-	2 275 515	-	6 952 435	(4 018 531)	(147 906)	-	(13 765)	(4 180 202)	2 772 233
Infrastructure											
Roads and Storm Water	2 252 240	-	9 307 786	-	11 560 026	(492 311)	(49 162)	-	(620 141)	(1 161 614)	10 398 412
Solid Waste Disposal	621 890	-	791 039	-	1 412 929	(122 597)	(25 379)	-	-	(147 976)	1 264 953
Other	14 177	-	-	-	14 177	(7 473)	(411)	-	(1 483)	(9 367)	4 810
	2 888 307	-	10 098 825	-	12 987 132	(622 381)	(74 952)	-	(621 624)	(1 318 957)	11 668 175
Heritage Assets											
Municipal Jewellery	55 576	-	-	-	55 576	-	-	-	-	-	55,576
	55 576	-	-	-	55 576	-	-	-	-	-	55 576
Other Assets											
Machinery and Equipment	948 586	37 303	114 086	-	1 099 975	(393 912)	(115 755)	-	(14 290)	(523 957)	576 018
Furniture and Office Equipment	844 065	102 060	318 617	-	1 264 742	(379 712)	(153 797)	-	(1 845)	(535 354)	729 388
Computer Equipment	906 588	37 099	438 958	-	1 382 645	(491 281)	(165 950)	-	(421)	(657 652)	724 993
Motor Vehicles	1 356 669	-	579 803	-	1 936 472	(607 266)	(144 906)	-	(37 354)	(789 526)	1 146 946
	4 055 908	176 462	1 451 464	-	5 683 834	(1 872 171)	(580 408)	-	(53 910)	(2 506 489)	3 177 345
Total	12 916 503	176 462	13 825 804	-	26 918 769	(6 513 083)	(803 266)	-	(689 299)	(8 005 648)	18 913 121

DANNHAUSER MUNICIPALITY

APPENDIX A: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Restated 2009	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Previously written off assets	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Total
	R	R	R	R	R	R	R	R	R	R	R
Land											
Land	1 239 792	-	-	-	1 239 792	-	-	-	-	-	1 239 792
	1 239 792	-	-	-	1 239 792	-	-	-	-	-	1 239 792
Buildings											
Dwellings	249 354	-	-	-	249 354	(211 911)	(8 026)	-	-	(219 937)	29 417
Non Residential Dwellings	4 420 923	-	6 643	-	4 427 566	(3 658 786)	(139 808)	-	-	(3 798 594)	628 972
	4 670 277	-	6 643	-	4 676 920	(3 870 697)	(147 834)	-	-	(4 018 531)	658 389
Infrastructure											
Roads and Storm Water	2 255 120	(2 880)	-	-	2 252 240	(443 149)	(49 162)	-	-	(492 311)	1 759 929
Solid Waste Disposal	621 890	-	-	-	621 890	(103 720)	(18 878)	-	-	(122 598)	499 293
Other	14 177	-	-	-	14 177	(7 061)	(411)	-	-	(7 472)	6 705
	2 891 187	(2 880)	-	-	2 888 307	(553 930)	(68 451)	-	-	(622 381)	2 265 927
Heritage Assets											
Municipal Jewellery	55 576	-	-	-	55 576	-	-	-	-	-	55,576
	55 576	-	-	-	55 576	-	-	-	-	-	55 576
Other Assets											
Machinery and Equipment	769 853	-	178 733	-	948 586	(302 450)	(91 462)	-	-	(393 912)	554 674
Furniture and Office Equipment	779 786	1 499	62 780	-	844 065	(266 615)	(113 097)	-	-	(379 712)	464 353
Computer Equipment	821 263	-	85 325	-	906 588	(368 422)	(122 859)	-	-	(491 281)	415 307
Motor Vehicles	1 326 669	30 000	-	-	1 356 669	(474 764)	(132 502)	-	-	(607 266)	749 403
	3 697 571	31 499	326 838	-	4 055 908	(1 412 251)	(459 920)	-	-	(1 872 171)	2 183 737
Total	12 554 403	28 619	333 481	-	12 916 503	(5 836 878)	(676 205)	-	-	(6 513 083)	6 403 420

DANNHAUSER MUNICIPALITY

APPENDIX B: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION AS AT 30 JUNE 2010

	<i>Original Budget</i>	<i>Budget adjustment (i.t.o. S28 & S31 of the MFMA)</i>	<i>Final Budget</i>	<i>Actual Outcome</i>	<i>Variance</i>	<i>Actual Outcome as % of Final Budget</i>	<i>Actual Outcome as % of Original Budget</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>%</i>	<i>%</i>
Financial Performance							
Property rates	8 032 938	-	8 032 938	10 834 560	2 801 622	135	135
Service charges	609 000	-	609 000	635 985	26 985	104	104
Interest earned	1 187 463	-	1 187 463	1 638 150	450 687	138	138
Government grants and subsidies	32 833 000	-	32 833 000	38 763 351	5 930 351	118	118
Other Income	2 963 897	(113 000)	2 850 897	1 520 225	(1 330 672)	53	51
Total Revenue	45 626 298	(113 000)	45 513 298	53 392 271	7 878 973	117	117
Employee related costs	13 476 276	(165 000)	13 311 276	11 915 721	(1 395 555)	90	88
Remuneration of councillors	4 467 538	(90 000)	4 377 538	4 144 631	(232 907)	95	93
Depreciation, impairment and amortisation expense	1 701 000	-	1 701 000	1 540 578	(160 422)	91	91
Finance costs	496 281	(20 000)	476 281	-	(476 281)	-	-
Grants and subsidies expense	-	-	-	5 740 856	5 740 856	-	-
Other expenditure	25 180 911	163 580	25 344 491	21 672 832	(3 671 659)	85	86
Total Expenditure	45 322 006	(111 420)	45 210 586	45 014 618	(195 968)	99	99
Surplus/(deficit)	304 292	(224 420)	302 712	8 377 653	8 074 941	28	28
Capital Expenditure & Funds Sources							
Capital Expenditure							
Transfers recognised: Capital	13 900 000	-	13 900 000	-	(13 900 000)	-	-
Public contribution, donations and grants	-	-	-	11 583 300	11 583 300	-	-
Borrowings	7 569 795	-	7 569 795	-	(7 569 795)	-	-
Internally generated funds	1 110 000	146 000	1 256 000	2 242 504	986 504	179	202
Total Sources of capital fund	22 579 795	146 000	22 725 795	13 825 804	(8 899 991)	61	61
Cash flows							
Net cash from/(used) operating	2 118 000	(1 141 000)	977 000	18 370 472	17 393 472	1 880	867
Net cash from/(used) investing	(4 140 000)	(45 000)	(4 185 000)	(14 973 446)	(10 78 446)	358	362
Net cash from/(used) financing	-	-	-	-	-	-	-
Cash and cash equivalents at year end	21 119 000	19 660 000	19 660 000	6 276 940	(13 383 060)	32	30